



Loudoun County, Virginia

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Office of the County Administrator

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At a business meeting of the Board of Supervisors of Loudoun County, Virginia, held in the County Government Center, Board of Supervisors' Meeting Room, 1 Harrison St., S.E., Leesburg, Virginia, on Wednesday, December 3, 2014 at 4:00 p.m.

IN RE: FINANCE/GOVERNMENT SERVICES AND OPERATIONS COMMITTEE
REPORT/ COMPENSATION FOR THE BOARD OF DIRECTORS OF
LOUDOUN WATER

Mr. Buona moved that the Board of Supervisors approve the recommendation of the Finance/Government Services and Operations Committee to set the compensation of the Loudoun Water Board of Directors at \$1,000 per month (\$12,000 annually) for the Chairman and \$800 per month (\$9,600 annually) for Members, effective January 1, 2015.

Seconded by Mr. Williams.

Voting on the Motion: Supervisors Buona, Letourneau, Williams and York – Yes; Supervisors Clarke and Delgaudio – No; and Supervisors Higgins, Reid and Volpe - Absent for the Vote.

DEPUTY CLERK FOR THE LOUDOUN
COUNTY BOARD OF SUPERVISORS

Date of Meeting: December 3, 2014

#24h

**BOARD OF SUPERVISORS
BUSINESS MEETING
ACTION ITEM**

SUBJECT: **FINANCE/GOVERNMENT SERVICES & OPERATIONS
COMMITTEE REPORT: Compensation for the Loudoun
Water Board of Directors**

ELECTION DISTRICT: Countywide

CRITICAL ACTION DATE: At the Pleasure of the Board

STAFF CONTACTS: Danny Davis, Office of the County Administrator
Tim Hemstreet, County Administrator
Fred Jennings, Loudoun Water Chief Executive

PURPOSE: To propose an increase in compensation for the Loudoun Water Board of Directors.

RECOMMENDATIONS:

Committee: On November 19, 2014, the Finance/Government Services & Operations Committee recommended 3-1-1 (Reid – no, York – absent) that the compensation for the Loudoun Water Board of Directors be increased to \$12,000 per year (\$1,000 per month) for the Chairman and \$9,600 per year (\$800 per month) for Members, effective January 1, 2015.

Loudoun Water: Loudoun Water concurs with the committee's recommendation.

Staff: Staff has no recommendation at this time.

BACKGROUND: At the July 8, 2014 Finance/Government Services & Operations Committee (FGSOC) meeting, the Committee passed a motion 4-1 (Buona, no) to direct staff to come back to the committee with options for compensation increases by varying metrics such as population growth or cost of living and to review compensation of Advisory Bodies as well. At the October 14, 2014 FGSOC meeting, staff provided information regarding the Loudoun Water Board of Directors and comparator water authorities. The Committee directed that staff return with a specific request from Loudoun Water regarding a proposed compensation for the Loudoun Water Board of Directors.

The Committee discussed the item at its November 19, 2014 Business Meeting and asked Fred Jennings, Chief Executive of Loudoun Water, questions regarding other authorities in the region and the amount of work handled by the Loudoun Water Board. The Committee also asked about recruitment of members for the Loudoun Water Board.

After discussion, the Committee recommended 3-1-1 (Reid – no, York – absent) that the compensation for the Loudoun Water Board of Directors be increased to \$12,000 per year (\$1,000 per month) for the Chairman and \$9,600 per year (\$800 per month) for Members, effective January 1, 2015.

The Board of Supervisors, pursuant to Code of Virginia § 15.2-5113.C, sets the amount of compensation for members of the Loudoun Water Board of Directors, although the funding for their compensation comes from Loudoun Water's budget.

Currently, the Loudoun Water Board Chair is compensated at \$6,600 per year (\$550 per month) and the remaining Members are compensated at \$4,800 per year (\$400 per month). Staff at both the County and at Loudoun Water have been unable to specifically determine when Loudoun Water's Board of Directors last received an increase in compensation, although it was at least prior to the year 2000. In comparison to the Loudoun Water Board's annual salaries of \$6,600 and \$4,800 for the Chairman and Members, respectively, Fairfax Water currently compensates its Chairman \$15,000 per year and its Members \$12,000 per year. The Prince William Sanitation Authority pays its Chairman \$850 per month (\$10,200 per year) and Members \$800 per month (\$9,600 per year).

Request and Justification for Increase

At the request of the Committee, Mr. Jennings provided additional information to staff for the Committee's consideration. Specifically, the request from Loudoun Water is to increase the Chairman's compensation to \$12,000 per year (\$1,000 per month) and each Member's compensation to \$9,600 per year (\$800 per month). These levels achieve Loudoun Water's target compensation, which is to be at a level half that of the Planning Commission's compensation, and in balance with the surrounding authorities, recognizing their relative size and differences in services provided.

In regards to justification for this increase, Loudoun Water has provided three primary reasons. First, as discussed above, the Loudoun Water Board has not seen an increase in compensation since at least 2000, which is nearly 15 years ago. Second, Loudoun Water has approximately doubled in virtually all financial measures since 2000. According to its latest Comprehensive Annual Financial Report, Loudoun Water had Operating Revenues of \$72.4 million in FY 2013 and projected capital expenditures of \$170 million in FY 2014. Their net assets presently exceed \$1.1 billion and are projected to exceed \$1.4 billion in 2017 when the Potomac Water Supply Project comes on line. Third, the work load for members of the Loudoun Water Board has at least tripled since 2000. Examples of work efforts include not only the financial increases and supporting management oversight stated above but also increased frequency of public hearings, workshops, committees, special planning events, and ad hoc committees as needed.

Loudoun Water is interested in attracting well experienced business talent that can devote the time necessary to provide appropriate Board advice and guidance.

FISCAL IMPACT: There is no fiscal impact to the County in increasing compensation for members of the Loudoun Water Board of Directors. Funds are paid directly from Loudoun Water's budget.

ALTERNATIVES: The Committee may choose to recommend no changes to the compensation of the Loudoun Water Board of Directors, or the Committee may recommend compensation at a different level than that suggested by Loudoun Water.

DRAFT MOTIONS:

1. I move the recommendation of the Finance/Government Services and Operations Committee that the Board of Supervisors set the compensation of the Loudoun Water Board of Directors at \$1,000 per month (\$12,000 annually) for the Chairman and \$800 per month (\$9,600 annually) for Members, effective January 1, 2015.

OR

2. I move an alternate motion.